ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01412A VALLEY UTILITIES WATER CO., INC. 12540 WEST BETHANY HOME ROAD LITCHFIELD PARK, AZ 85340



APR 1 4 2005

AZ Companie de Comedission Discolor Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12 31 2004

FOR COMMISSION USE

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COMPANY INFORMATION

Company Name (Business Name) _	VALLEY UTILITIES WATER	CO., INC.	
Mailing Address 12540 W. BETHA	NY HOME ROAD		
(Street) LITCHFIELD PARK		8534	.0
(City)	(State)	(Zip)	
(622) 025 1100	(622) 025 7221	(622) 672	0491
(623) 935-1100 Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Inc	clude Area Code)
Email Address			
Local Office Mailing Address SAME	AS ABOVE Street)		
(City)	(State)	(Zip)	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No.	(Include Area Code)
Email Address			
Management Contact: ROBERT		(Title	
	(Name)	,	,
12540 WEST BETHANY HOME ROAD (Street)	LITCHFIELD PARK (City)	AZ (State)	85340 (Zip)
(623) 935-1100	* **	, ,	
Telephone No. (Include Area Code) Email Address	Fax No. (Include Area Code)	Pager/Cell No. (Inc	lude Area Code)
On Site Manager: SAME AS AB	OVE(Name)		
	()		
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Inch	ide Area Code)
Email Address			

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: RICHARD L SALLO			
	(Name)		
2525 EAST ARIZONA BILTMORE CIRCLE #117 (Street)	PHOENIX (City)	AZ (State)	85016 (Zip)
(602) 224-9222			
Telephone No. (Include Area Code)	Fax No. (Include Area Code	Pager/Cell No. (Inclu	ide Area Code)
Attorney: SAME AS ABOVE	0.1		
	(Name)		
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include	de Area Code)
☐ Please mark this box if the above addres	ss(es) have changed or are upda	ated since the las	t filing.
OWNE	RSHIP INFORMATION	******	
Check the following box that applies to your o	company:		
Sole Proprietor (S)	C Corporation (C) (O	ther than Associ	ation/Co-op)
Partnership (P)	Subchapter S Corpora	ation (Z)	
Bankruptcy (B)	Association/Co-op (A)	ı	
Receivership (R)	☐ Limited Liability Con	ıpany	
Other (Describe)			
<u>CC</u>	OUNTIES SERVED		
Check the box below for the county/ies in whi	ich you are certificated to provide	e service:	
П АРАСНЕ	COCHISE	☐ COCON	INO
☐ GILA	☐ GRAHAM	GREEN	LEE
☐ LA PAZ	⊠ MARICOPA		Æ
☐ NAVAJO	☐ PIMA	☐ PINAL	
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUMA	
☐ STATEWIDE			

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	44,196		44,196
304	Structures and Improvements	17,758	11,352	6,406
307	Wells and Springs	969,756	220,513	749,243
311	Pumping Equipment	247,591	153,862	93,729
320	Water Treatment Equipment	11,385	645	10,740
330	Distribution Reservoirs and Standpipes	289,541	177,773	111,768
331	Transmission and Distribution Mains	2,247,819	1,008,408	1,239,411
333	Services	57,735	41,988	15,747
334	Meters and Meter Installations	331,489	76,675	254,814
335	Hydrants	80,089	10,370	69,719
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	41,787	21,600	20,187
341	Transportation Equipment	52,453	8,333	44,120
343	Tools, Shop and Garage Equipment	21,268	11,514	9,754
344	Laboratory Equipment			
345	Power Operated Equipment	5,930	5,930	0
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	4,418,797	1,748,963	2,669,834

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME VALLEY UTILITIES WATER CO., INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises		!	
303	Land and Land Rights	44 100		
304	Structures and Improvements	44,196	504	040
307	Wells and Springs	17,758	5%	
311		969,756	5%	<u>'</u>
	Pumping Equipment	247,591	5%	, , , , , , , , , , , , , , , , , , ,
320	Water Treatment Equipment	11,385	5%	
	Distribution Reservoirs and Standpipes	289,541	5%	14,477
331	Transmission and Distribution Mains	2,247,819	5%	112,348
333	Services	57,735	5%	2,805
334	Meters and Meter Installations	331,489	5%	16,253
335	Hydrants	80,089	5%	4,004
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	41,787	5%	1,876
341	Transportation Equipment	52,453	5%	2,357
343	Tools, Shop and Garage Equipment	21,268	5%	
344	Laboratory Equipment			,
345	Power Operated Equipment	5,930	5%	43
346	Communication Equipment			
347	Miscellaneous Equipment		,	-
348	Other Tangible Plant			
	SUBTOTALS	4,418,797		215,209
	Less: Amortization of Contributions			24,705
	TOTALS	4,418,797		190,504

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To the Board of Directors of Valley Utilities Water Co., Inc. Litchfield Park, Arizona

We have compiled the balance sheet of Valley Utilities Water Co., Inc. (a corporation) as of December 31, 2004 and 2003, and the comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

ULLMANN & COMPANY, P.C. Certified Public Accountants

Wilmann & Company

March 29, 2005

COMPANY NAME

VALLEY UTILITIES WATER CO., INC.

BALANCE SHEET

Acct. No.			LANCE AT	 LANCE AT END OF
	ASSETS	_	YEAR	 YEAR
	CURRENT AND ACCRUED ASSETS			
131	Cash	\$	273,079	\$ 359,210
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		45,304	49,953
146	Notes/Receivables from Associated Companies			
151	Plant Material and Supplies		26,800	20,955
162	Prepayments			
174	Miscellaneous Current and Accrued Assets		0	21,329
	TOTAL CURRENT AND ACCRUED ASSETS			
		\$	345,183	\$ 451,447
,	FIXED ASSETS			
101	Utility Plant in Service	\$	4,313,786	\$ 4,418,797
103	Property Held for Future Use		40,000	40,000
105	Construction Work in Progress		0	9,782
108	Accumulated Depreciation - Utility Plant		1,533,754	1,748,963
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	TOTAL FIXED ASSETS	\$	2,820,032	\$ 2,719,616
	TOTAL ASSETS	\$	3,165,215	\$ 3,171,063

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

VALLEY UTILITIES WATER CO., INC.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BI	LANCE AT EGINNING OF YEAR	1	LANCE AT END OF YEAR
<u></u>	CURRENT LIABILITES				
231	Accounts Payable	\$	11,179	\$	11,333
232	Notes Payable (Current Portion)		0	 	49,589
234	Notes/Accounts Payable to Associated Companies				,
235	Customer Deposits		46,999		55,195
236	Accrued Taxes		19,511		23,411
237	Accrued Interest				
241	Miscellaneous Current and Accrued Liabilities		3,123		4,619
	TOTAL CURRENT LIABILITIES	\$	80,812	\$	144,147
	LONG-TERM DEBT (Over 12 Months)				
224	Long-Term Notes and Bonds				
	DEFERRED CREDITS			, !	
251	Unamortized Premium on Debt				
252	Advances in Aid of Construction		3,180,500		3,211,274
255	Accumulated Deferred Investment Tax Credits				
271	Contributions in Aid of Construction		494,098	ļ	494,098
272	Less: Amortization of Contributions		200,877		225,582
281	Accumulated Deferred Income Tax		24,057		33,210
· -	TOTAL DEFERRED CREDITS	\$	3,497,778	\$	3,513,000
	TOTAL LIABILITIES	\$	3,578,590	\$	3,657,147
	CAPITAL ACCOUNTS				
201	Common Stock Issued	\$	110,000	\$	110,000
211	Paid in Capital in Excess of Par Value	- -	4,988	1	4,988
215	Retained Earnings		(528,363)		(601,072)
218	Proprietary Capital (Sole Props and Partnerships)		, , ,		
	TOTAL CAPITAL	\$	(413,375)	\$	(486,084)
	TOTAL LIABILITIES AND CAPITAL	\$	3,165,215	\$	3,171,063

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct.	OPERATING REVENUES	PRI	OR YEAR	CUR	RENT YEAR
No.					
461	Metered Water Revenue	\$	773,023	\$	856,552
460	Unmetered Water Revenue	<u>i</u>			
474	Other Water Revenues		41,791		13,730
	TOTAL REVENUES	\$	814,814	\$	870,282
	OPERATING EXPENSES				<u>-</u>
601	Salaries and Wages	\$	253,382	\$	258,070
610	Purchased Water				
615	Purchased Power		104,387		115,302
618	Chemicals		2,225		0
620	Repairs and Maintenance		21,743		34,021
621	Office Supplies and Expense		30,348		29,187
630	Outside Services		5,382		6,279
635	Water Testing		1,599		4,045
641	Rents		71,493		81,160
650	Transportation Expenses		39,015		33,259
657	Insurance - General Liability	•	9,083		11,909
659	Insurance - Health and Life		69,194		76,415
666	Regulatory Commission Expense - Rate Case		1,888		0
675	Miscellaneous Expense		46,526		34,663
403	Depreciation Expense		171,263		190,504
408	Taxes Other Than Income	:	19,291		20,589
408.11	Property Taxes		25,424		35,425
409	Income Tax		17,820		11,240
	TOTAL OPERATING EXPENSES	\$	890,063	\$	942,068
	OTHER INCOME/EXPENSE				
419	Interest and Dividend Income	\$	2,970	\$	607
421	Non-Utility Income		0		234
426	Miscellaneous Non-Utility Expenses				
427	Interest Expense	1 .	366		1,764
	TOTAL OTHER INCOME/EXP	\$	2,604	\$	(923)
	NET INCOME/(LOSS)	\$	(72,645)	\$	(72,709)

COMPANY NAME VALLEY UTILITIES WATER CO., INC.

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	9/	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 280,624
Meter Deposits Refunded During the Test Year	\$ 20,638
Weter Deposits Kerunded During the Test Tear	φ 20,036

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
#1 55-639720	20	60	650	12	3	1942
#2 55-639721	30	115	650	10	3	1969
#3 55-639723	25	100	425	8	4	1965
#4 55-639722	25	90	800	12	4	1970
#5 55-503273	60	300	850	20	6	1982
#6 55-580082	125	300	810	12	8	2001

^{*} Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
10		

BOOSTER PUM	IPS	FIRE I	HYDRANTS				
Horsepower Quanti		Horsepower Quantity		Horsepower Quantity Quantity Sta		Quantity Standard	Quantity Other
See Attachment A		85					
- 							

STORAGE TANKS		PRESSURE '	TANKS
Capacity	Quantity	Capacity	Quantity
See Attachment A		See Attachment A	A

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	AC & PVC	10,000
5		
6	AC & DIP	55, 800
8	AC & DIP	30,550
10	DIP	2,952
12	AC & DIP	4,200
	·	

CUSTOMER METERS

CUSTOMER METERS			
Size (in inches)	Quantity		
5/8 X 3/4	275		
3/4	574		
1	332		
1 1/2	6		
2	48		
Comp. 3			
Turbo 3	11		
Comp. 4			
Tubo 4			
Comp. 6			
Tubo 6	-		

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:		
1- 3" Tablet Chlorinator		
3- 50 Gallon Liquid Chlorinator		
STRUCTURES:		
	de situation of the sit	10.00
OTHER:		

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	1215	15,196,970	17,663
FEBRUARY	1213	16,823,130	15,754
MARCH	1218	16,340,090	16,889
APRIL	1210	19,323,440	19,726
MAY	1221	26,604,350	26,382
JUNE	1221	32,837,270	35,628
JULY	1225	30,626,910	32,980
AUGUST	1225	34,174,660	34,939
SEPTEMBER	1230	30,968,640	32,553
OCTOBER	1236	27,903,660	21,901
NOVEMBER	1242	14,829,340	22,608
DECEMBER	1245	14,854,800	19,515
1 301 303 1 1	TOTAL	N/A	296,538

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(X) Yes	() No
Does the Company	have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
(X) Yes	() No
If yes, provide the	GPCPD amount: 141

What is the level of arsenic for each well on your system. See Attach. Amg/l (If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME VALLEY UTILITIES WATER CO., INC.	YEAR ENDING 12/31/2004				
PROPERTY TAXES					
Amount of actual property taxes paid during Calendar Year 2004 was: \$	30,440				
Attach to this annual report proof (e.g. property tax bills stamped "paid in a property tax payments) of any and all property taxes paid during the calend					
If no property taxes paid, explain why					

COMPANY NAME VALLEY UTILITIES WA	ATER CO., INC.	YEAR ENDING 12/31/2004		
INCO	OME TAXES			
For this reporting period, provide the following:				
Federal Taxable Income Reported Estimated or Actual Federal Tax Liability	<u>0</u> 			
State Taxable Income Reported Estimated or Actual State Tax Liability	<u>30,007</u> <u>2,086</u>			
Amount of Grossed-Up Contributions/Advances:				
Amount of Contributions/Advances Amount of Gross-Up Tax Collected Total Grossed-Up Contributions/Advances	0 0 0			
Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.				
CERTIFICATION				
The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.				
SIGNATURE	DATE			
PRINTED NAME	TITLE			

VERIFICATION AND VORN STATEMEN





APR 1 4 2005

VERI	IFI <i>C /</i>	ATION	

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

		John Tricolo
COUNTY OF (COUNTY NAME)		ROBBAC
MARICOPA	Director Of	() () () () () () ()
NAME (OWNER OR OFFICIAL) TITLE		
ROBERT L. PRINCE, PRESIDENT		
COMPANY NAME		
VALLEY UTILITIES WATER CO., INC.		

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 925,085

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 54.803

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM <u>ARIZONA INTRASTATE</u> UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

	IN SALES TAX	XES BILLED, OR CO	OLLECTED)
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE	SIGNATURE OF OWNER O	R OFFICIAL	
DIFFERENCE. (EXPLAIN IN DETAIL)	SIGNATURE OF OWNER OF	KOITICELE	
SUBSCRIBED AND SWORN TO BEFORE ME	TELEPHONE NUMBER		
A NOTARY PUBLIC IN AND FOR THE COUNTY OF	COUNTY NAME		
THIS DAY OF	MONTH	.20]
(SEAL)			
MY COMMISSION EXPIRES	SIGNATU	RE OF NOTARY PUBLIC	

VERIFICATION AND SWORN STATEMENT

RESIDENTIAL REVENUE



VERIFICATION

INTRASTATE REVENUES ONLY

			The second second second
STATE OF ARIZONA	COUNTY OF (COUNTY NAME)	MARICOPA	
I, THE UNDERSIGNED	NAME (OWNER OR OFFICIAL)	ROBERT L, PRINCE	TITLE PRESIDENT
OF THE	COMPANY NAME VALLEY	UTILITIES WATER CO., INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING MONTH DAY YEAR 2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM <u>ARIZONA INTRASTATE UTILITY OPERATIONS</u> RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$593,678	(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 35,170 IN SALES TAXES BILLED, OR COLLECTED)		
*RESIDENTIAL REVENUE REPORTED ON THIS PA MUST INCLUDE SALES TAXES BILLED.	.GE	SIGNATURE OF OWN	ER OR OFFICIAL
		TELEPHONE	NUMBER
SUBSCRIBED AND SWORN TO BEFORE	ME	NOTARY PUBLIC NAME	
A NOTARY PUBLIC IN AND FOR THE C	OUNTY OF	COUNTY NAME	
THIS DAY	OF	MONTH	,20
(SEAL)	X		
MY COMMISSION EXPIRES	х	SIGNATURE C	OF NOTARY PUBLIC



To The Board of Directors Valley Utilities Water Company, Inc. Litchfield Park, Arizona

We have compiled the accompanying balance sheet of Valley Utilities Water Company, Inc. (a corporation) as of December 31, 2004, and the related statement of loss for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

This report is intended solely for the information and use of the owners, management, and others within the company and is not intended to be and should not be used by anyone other than these specified parties.

Ullmann & Company, P.C. Certified Public Accountants

Whom I Company

March 29, 2005

Valley Utilities Water Company Inc. Balance Sheet As of December 31, 2004

	Dec 31, 04
ASSETS	
Current Assets	
Checking/Savings 131.1 · CASH ON HAND	50.00
131.2 · CASH - CHECKING	50.00 18,577.39
131.4 · CASH-WIFA DEBT SERVICE	140,811.82
131.5 · SAVINGS	6,112.83
131.6 · SAVINGS-DG II	30,189.02
131.7 · SAVINGS-DS GLENDALE YARD REBUIL	10,073.45
131.9 · LINE X PAYBACKS	34,946.97
132 · SAVINGS-DIETZ-CRANE	3,677.60
132.1 · SAVINGS-PLANT EXPANSI-CRI CHTR	12,792.69
132.2 · SAVINGS-DYSART CROSSINGS 132.3 · CHECKING-\$40K 5 YR NOTE	61,978.29 40,000.00
Total Checking/Savings	359,210.06
Other Current Assets	333,213.33
141 - ACCOUNTS RECEIVABLE	49,953.24
151 · INVENTORY	20,955.38
Total Other Current Assets	70,908.62
Total Current Assets	430,118.68
	430,118.08
Fixed Assets	
105 · CONSTRUCTION WORK IN PROGRESS 105.171 · CROWN CHARTER SCHOOL-LEGAL	1.064.16
105.18 · HERITAGE CHARTER SCHOOL	1,964.16 583.71
105.181 · HERITAGE CHARTER SCHOOL-LEGAL	1,726.16
105.191 · ENGINEERING	3,493.74
105.192 · LEGAL FEES	485.50
105.201 · DIETZ-CRANE-LEGAL	1,528.52
Total 105 · CONSTRUCTION WORK IN PROGRESS	9,781.79
PLANT IN SERVICE	
303 · LAND	44,196.00
304 · STRUCTURE & IMPROVEMENTS	13,521.78
307 · WELLS	969,756.20
311 · PUMPS 320 · WATER TREATMENT	247,591.13
330 · DIST RESERVOIRS/ STANDPIPES	11,384.80 289,541.14
331 · MAINS	2,247,818.67
333 · SERVICES	57,734.76
334 · METERS	331,488.94
335 · HYDRANTS	80,088.69
340 · OFFICE EQUIPMENT	41,787.05
340.1 · LEASEHOLD IMPROVEMENTS	4,236.51
341 · VEHICLES	52,452.67
343. · TOOLS	21,268.49
345 · POWER OPERATED TOOLS	5,929.89
Total PLANT IN SERVICE	4,418,796.72
108 · ACCUMULATED DEPRECIATION	(1,748,963.19)
Total Fixed Assets Other Assets	2,679,615.32
186.1 · DEFERRED RATE CASE EXPENSE	21,329.25
103 · PROPERTY FOR FUTURE USE	40,000.00
Total Other Assets	61,329.25
TOTAL ASSETS	3,171,063.25
LIABILITIES & EQUITY	
Liabilities Current Liabilities	

Other Current Liabilities

Page 1

See Accountants' Compilation Report

Current Liabilities

Valley Utilities Water Company Inc. Balance Sheet As of December 31, 2004

	Dec 31, 04
231 · ACCOUNTS PAYABLE	11,332.90
232 · CURRENT PORTION L/T LIABILITIES	65,000.00
232.2 · BANK ONE- 1997 GMC	9,589.09
232.3 · N/P - BANK ONE	40,000.00
235 · SECURITY DEPOSITS	55,195.00
236.5 · PROPERTY TAXES PAYABLE	17,712.54
236.6 · SALES TAXES PAYABLE	3,547.84
236.8 · INCOME TAXES PAYABLE	2,150.00
236.9 · UNCLAIMED PROPERTY	35.90
241 · RETIREMENT LIABILITY	4,583.50
Total Other Current Liabilities	209,146.77
Total Current Liabilities	209,146.77
Long Term Liabilities	
252.1 · METER DEPOSITS	280,624.20
252.2 · ADVANCES IN AID OF CONSTRUCTION	2,850,989.63
252.3 · AIAC IN PROGRESS	79,660.00
255 · DEFERRED TAX	33,210.46
260 · LESS CURRENT PORTION	(65,000.00)
Total Long Term Liabilities	3,179,484.29
Total Liabilities	3,388,631.06
Equity	
201 - CAPITAL STOCK	110,000.00
211 · ADDITIONAL PAID IN CAPITAL	4,987.50
215 · RETAINED EARNINGS	(528,362.36)
271 - CONTRIBUTIONS IN AID OF CONST	494,097.97
272 · AMORT OF CONTR IN AID OF CONSTR	(225,581.53)
Net Income	(72,709.39)
Total Equity	(217,567.81)
TOTAL LIABILITIES & EQUITY	3,171,063.25

Valley Utilities Water Company Inc. Statement of Loss January through December 2004

	Jan - Dec 04
Ordinary Income/Expense	
Income	004.004.04
461.1 · WATER SALES 461.5 · SEC. DEP. AGAINST FB/AR	904,834.01 6,521.82
471 · MISC SERVICE REVENUE	13,729.62
408.13 · SALES TAX EXPENSE	(54,803.35)
Total Income	870,282.10
Expense	
403 · DEPRECIATION EXPENSE	190,504.19
408.11 · PROPERTY TAXES EXPENSE	35,425.08
408.12 PAYROLL TAXES EXPENSE	20,589.07
409 · INCOME TAX EXPENSE	2,086.00
410 · DEFERRED INCOME TAX	9,153.79
601 · SALARIES	258,069.89
604 · RETIREMENT	3,668.50
604.10 · MISC BENEFITS 615 · ELECTRICITY	2,520.80 115,302.17
620 · REPAIRS & MAINTENANCE	32,788.56
620.1 · MATERIALS & SUPPLIES	1,232.65
621 · OFFICE EXPENSE	10,779.09
632 · LEGAL & ACCOUNTING	5,875.23
635 · WATER SAMPLING	4,045.00
636 · CONTRACT LABOR	404.25
641 · RENT	63,772.59
642 · EQUIPMENT RENTAL	16,451.26
650 · VEHICLE EXPENSE	33,259.41
657 · INSURANCE 659 · GROUP INSURANCE	11,909.00 76,415.11
660 · ADVERTISING	1,533.45
667 · REGULATORY	10,838.04
675.01 EDUCATION	107.50
675.05 · POSTAGE	3,581.08
675.07 · BLUE STAKE FEES	1,734.67
675.13 · TELEPHONE EXPENSE	7,934.12
675.17 · MEALS & ENTERTAINMENT	2,963.10
675.19 · PENALTIES 675.21 · DUES & SUBSCRIPTIONS	64.00 1,720.22
675.25 · COMPUTER EXPENSE	6,892.38
675.31 · TRAVEL EXPENSE	20.00
675.32 · SECURITY	1,807.24
675.33 · SAFETY	1,574.15
675.35 · STORAGE RENTAL	935.67
675.36 · UNIFORMS	573.13
675.37 · WORKERS COMPENSATION	5,538.50
Total Expense	942,068.89
Net Ordinary Income	(71,786.79)
Other Income/Expense Other Income	
419 · INTEREST INCOME	607.43
421 · MISC NON-OPERATING REVEN	233.60
Total Other Income	841.03
Other Expense	
427 · INTEREST EXPENSE	1,297.78
427.1 · INT. EXP./SD	465.85
Total Other Expense	1,763.63
Net Other Income	(922.60)
let Income	(72,709.39)

ATTACHMENT A

VALLEY UTILITIES WATER CO., INC. ANNUAL REPORT 2004

BOOSTER PUMPS:

4 - 15 Horse Power Pumps
2 - 20 Horse Power Pumps
6 - 40 Horse Power Pumps
2 - 50 Horse Power Pumps

STORAGE TANKS:

3 - 100,000 Gallon Capacity1 - 200,000 Gallon Capacity1 - 560,000 Gallon Capacity

PRESSURE VESSELS:

2 - 5,000 Gallon Capacity1 - 7,500 Gallon Capacity1 - 10,000 Gallon Capacity

ARSENIC LEVELS BY WELL:

Well No. 1-11.5 ppb Well No. 2-12.5 ppb Well No. 3-6.8 ppb Well No. 4-12 ppb Well No. 5-13 ppb Well No. 6-11 ppb